



UNIVERSIDADE CATÓLICA PORTUGUESA

# The Internationalisation of Portuguese Companies

Bial's case in South Korea

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Católica Porto Business School  
April 2022



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## Bial's case in South Korea

Final work as Internship Report presented to the Portuguese Catholic  
University to obtain a Master's degree in Management  
with specialization in Business Analytics

by

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under the orientation of  
Alexandra Leitão

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# Resumo

A internacionalização é um processo levado a cabo por diversas empresas que pode ser sustentado por várias motivações. A globalização dos mercados reforçou a importância da internacionalização das empresas e do know-how que dela provém, pelo que, cada vez mais empresas estão a tentar passar por este processo. Contudo, tornar-se internacional é um processo difícil que pode ser conduzido de várias formas, levando as empresas a debaterem-se não só com a questão "para onde?" mas também com a questão "como?"

O presente estudo é direcionado para o mercado sul-coreano porque é o país no qual ocorreu o estágio realizado no âmbito do Mestrado em Gestão e devido às numerosas potencialidades ainda desconhecidas para a maioria das empresas. Neste trabalho, além de uma contextualização do mercado coreano, será apresentado um caso de sucesso de licenciamento entre os dois países – Bial, empresa portuguesa do setor farmacêutico.

Este estudo pretende, com base nos modelos teóricos - CAGE framework, Teoria de Uppsala e Teoria Eclética- explicar as motivações que levaram a Bial (estudo de caso) a optar pela internacionalização através do licenciamento à Coreia do Sul.

Ao longo do estudo foi possível inferir que as principais motivações para a internacionalização da Bial estão relacionadas com a procura de novas oportunidades de mercado. Por outro lado, a escolha da Coreia do Sul baseou-se na dimensão do mercado e da população coreana, bem como devido à sua posição relativamente ao tratamento do Parkinson e da Epilepsia. Finalmente, a escolha do licenciamento foi suportada pelo desejo de reduzir o risco e adquirir conhecimento do mercado através da sua parceria com as farmacêuticas Wanbang e WhanIn Pharm.

**Palavras-Chave :** Internacionalização; Coreia do Sul; Portugal; Bial; Licenciamento.

**Nº Palavras:** 8524

# Abstract

Internationalization is a process carried out by companies that may be sustained by several motivations. The globalization of markets has reinforced the importance of the internationalization of companies and of the know-how that comes from it. Because of that, more and more companies are trying to go through this process. However, becoming international is a difficult process that may be conducted in several ways, leading companies to struggle not only with the question "where to?" but also with the question "how?".

The present study is directed toward the South Korean market because it is the country in which the internship, as part of the Master in Management, occurred and due to the numerous potentialities still unknown to most companies. In this report, besides the background of the Korean market, a successful case of licencing between the two countries will be presented – Bial, a Portuguese pharmaceutical company.

The goal of his study is, based on the theoretical models - CAGE framework, Uppsala Theory and Eclectic Theory - to explain the motivations that led Bial (case study) to choose to internationalize via licensing to South Korea.

Throughout the study it was possible to infer that the main motivations for Bial internationalisation were related to the search for demand and new market opportunities. On the other hand, the choice of South Korea was based on its market and population size, as well as due to its position regarding Parkinson's and Epilepsy treatment. Finally, the choice of licencing was supported by Bial's wish to reduce risk and acquire market knowledge through its partnership with Wanbang and WhanIn Pharm.

**Keywords:** Internationalization; South Korea; Portugal; Bial; Licencing.

**Nº Words:** 8524







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# Chapter 1: Introduction

The present final work was developed in the context of the Master in Management with a specialisation in Business Analytics performed in the modality of an internship report. The internship took place in Seoul (South Korea) AICEP office for seven months.

In this work, besides the background of the South Korean market, a successful case of Portugal's entry into that market will be presented: Bial, a Portuguese company in the pharmaceutical sector, and its internationalization decisions regarding the South Korean market.

This study addresses the chosen entry modes, the reasons that support those decisions and the main barriers found in the internationalisation process.

After the war in Korea (1950-1953), there was a period of considerable economic growth, that has fuelled the creation and development of the South Korean industry. Currently, Korea is a very open economy that is among the most developed and industrialized countries worldwide. These facts contributed to the creation of several investment opportunities that have also extended to Portuguese companies and products.

Recently, the pandemic has rocked the world and business, putting companies to the test. However, after the storm comes the calm. This crisis has brought countless opportunities that may re-emphasise the benefits of internationalisation. However, internationalisation involves many choices that must be carefully considered. Although we live in a globalised world there are still significant differences in consumer preferences, values, behaviours and purchasing power. Moreover, there are also meaningful dissimilarities in political and administrative standards across countries.

The goal of this study is, therefore, to explain the motivations and underlying decisions of the Portuguese companies' internationalisation, through the case study – Bial. This thematic choice is related with my personal interest in, Asian countries, the drugs market and its development.

This work is structured as follows Chapter 2 presents the background of the Korean economy, addressing the main economic indicators, main trade partners and investments. Chapter 3 presents the literature review, that includes the different entry modes, the CAGE framework, the Uppsala, the Eclectic and the Internalization Theory. Chapter 4 includes the case study presentation and discussion. Finally, Chapter 5 presents a conclusion and summary of the main conclusions of this work.



## Capítulo 2: South Korean Economic Context

Nowadays, South Korea is a developed economy both from a technological and market point of view, but it was not always like that. In the 50s it was one of the poorest economies in the world and it went on that way until the 60s. It was by this time (1960) that it created an Economic Development Plan oriented to exports. This was, in fact, the impulse the country needed to start growing (AICEP, 2021).

In the beginning, this growth was supported by light industrial products (1960) and raw materials exports but, 10 years later, investments in other areas such as chemicals and other heavy industrial products were made. Today it is leading the display and semiconductor sectors. The Economic Developed Plan worked very well and allowed Korea to grow very quickly in a short time (Graph 1), this evolution was called "the Hangang River Miracle"<sup>1</sup>.

Driven by the Miracle on the Hangang River, South Korea achieved global recognition concerning its competitiveness in fields such as steelmaking, chemicals, automobiles, mobile phones, and semiconductors. Today the Korean economy has a new industry emerging, that is once again attracting attention and investment. This new industry is made of Korean cultural content, namely its music, gaming and webtoons.

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<sup>1</sup> (AICEP, 2021)

## 2.1 Main Economic Indicators

Economic indicators are important to study the evolution of countries and their business cycles, as they allow to compare and predict performances. With this in mind, a few will be presented to put South Korea in context.

### 2.1.1 GDP

Gross Domestic Product (GDP) is a measure of wealth creation in an economy. From a broader point of view, it is the value of the final goods and services produced in the economy during a given period (Blanchard et al, 2021).

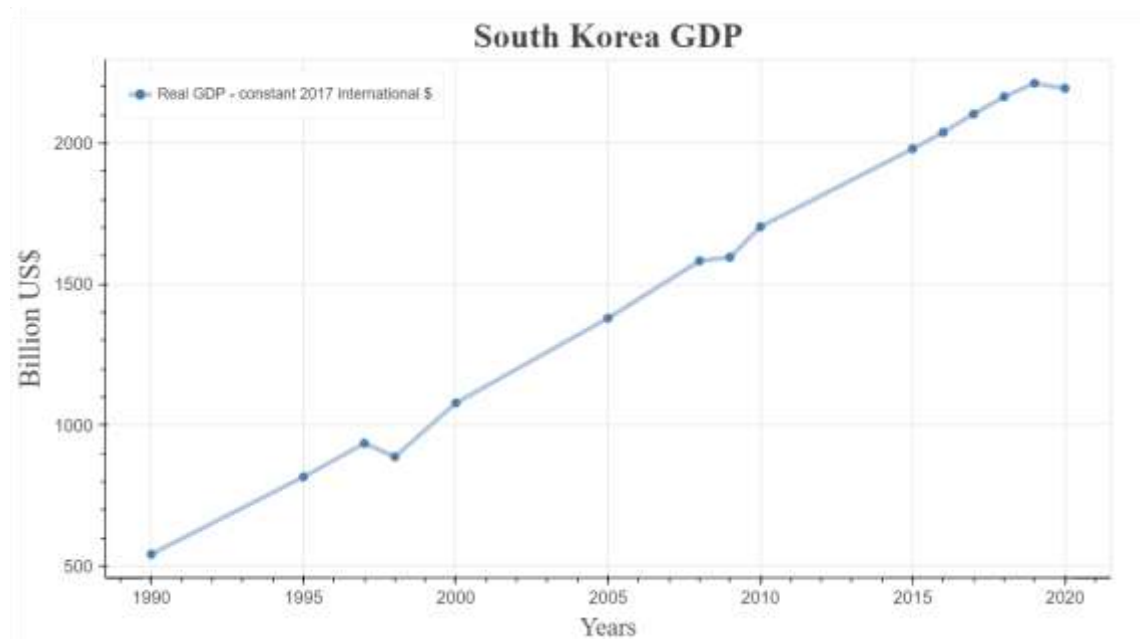


Figure 1: Korean real GDP evolution.  
Source: World Bank,2021.

The most relevant conclusion to be drawn from the graph is that, in 30 years, South Korea has grown by around 305%. Went from a GDP of 542 billion US\$ to one of 2.195 trillion US\$, becoming the 10th largest developed economy in the world (Yeon-soo,2021).

It is important to highlight that, in the recent history of the country, there were a few periods in which GDP decreased significantly. From 1997 to 1998 there was a decrease of 5.13%<sup>2</sup> due to the Asian financial crisis, however, one year later, GDP was already above the 1996 level. In the period 2008 to 2009, there was a world financial crisis, but this situation has only slowed down a bit the Korean economy (the 2009 GDP growth was 0.82% in relation to 2008) whereas other countries such as Germany had GDP declines of around 6%.

Korea's GDP peaked in 2019 and has been decreasing since then. Initially, the decrease in GDP was justified by the global trade dispute and the drop in global demand for semiconductors - a key product in South Korean exports<sup>3</sup>. After November 2019, another cause - Covid-19 - was added to the above-mentioned ones, triggering a worldwide recession. Due to the efforts to contain the virus, economic activity has suffered a huge fall. Despite this, the fall in Korean GDP has not been as drastic as in other OECD countries(OECD,2020). The pandemic imposed a dynamic scenario, which included measures to restrict the movement of both people and trade. Since South Korea is a very open economy that depends heavily on its exports, the impact on its accounts was quite strong and it was not able to recover as quickly as it did in past episodes (Park,2021).

### 2.1.2 GDP per capita

The Gross Domestic Product per capita is the total output that each resident can claim and it is, therefore, a measure of the standard of living of people across countries (Blanchard et al, 2021).

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<sup>2</sup> WorldBank,2021

<sup>3</sup>TradeMap,2020

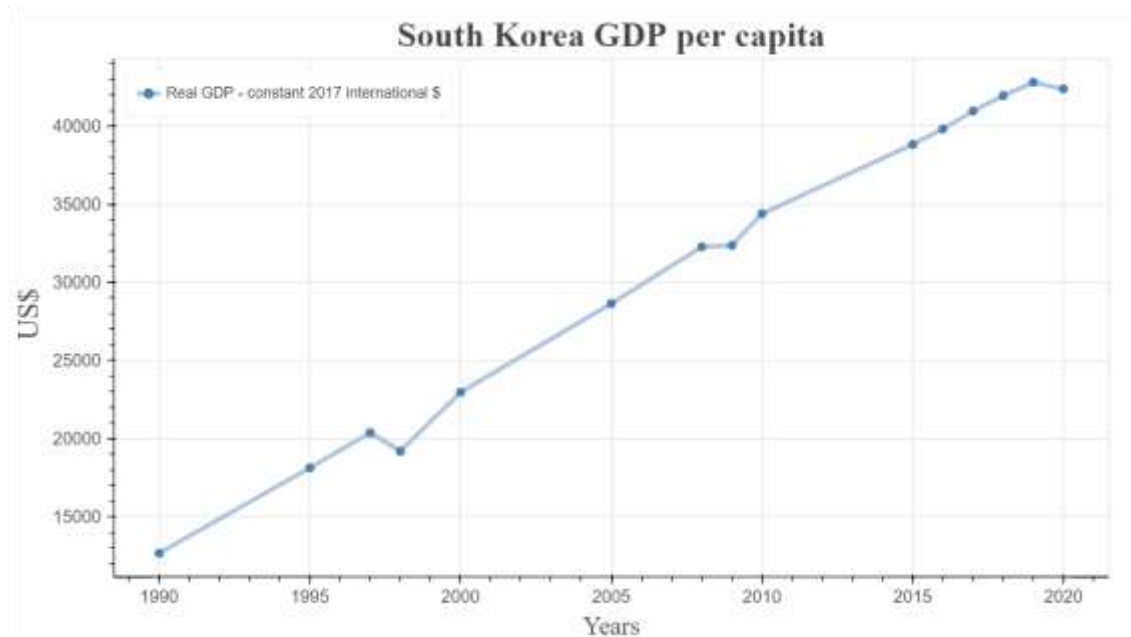


Figure 2: Korea's GDP per Capita.  
Source: World Bank,2021.

The graph suggests that, as the Korean economy grew, so did its population's standard of living. The feature of this graph that stands out is the fact that it has a very similar pattern to graph 1. This is justified by the massive increase in GDP which more than offset the steady growth in population<sup>4</sup>.

To better understand and assess Korea's GDP per capita, across series analysis will be considered. The next graph has presented a comparison of the previous indicator values between Korea and the G7 countries for 2020. Being the G7 group composed by the seven largest industrialized economies in the world (OECD,2020).

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<sup>4</sup> World Bank,2021.



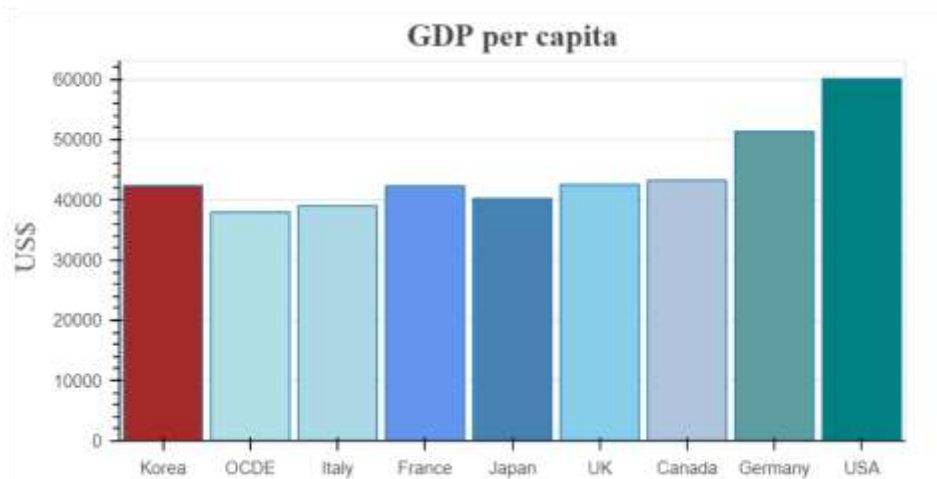


Figure 3: G7 GDP per Capita.  
Source: World Bank,2020.

Graph 3 suggests that Korea is very well positioned in terms of GDP per capita. In 2020 this indicator was 42381 US\$, exceeding the value of Italy, Japan, UK and the OCDE average. It is now approaching the GDP per capita of France. Despite the good position in comparison with the G7, this indicator hides one major problem in Korea – inequalities. The Gini coefficient is an indicator that measures inequality and ranges from 0 (no inequality) to 1 (total inequality). Korea's Gini coefficient is 0.355, indicating that, despite ranking above the Gini coefficient OECD average, inequality is relatively high (OECD, 2017 or later). These inequalities are the result of large wage gaps, limited income redistribution, lack of social support and poor working conditions (OECD,2020).

### 2.1.3 Unemployment Rate

The unemployment rate is the proportion of workers in one economy who are not employed but are looking for a job. It is an important measure because it allows inferring two major issues: (i) its impact on the well-being of the unemployed and (ii) the way an economy is using some of its resources (Blanchard et al, 2021).

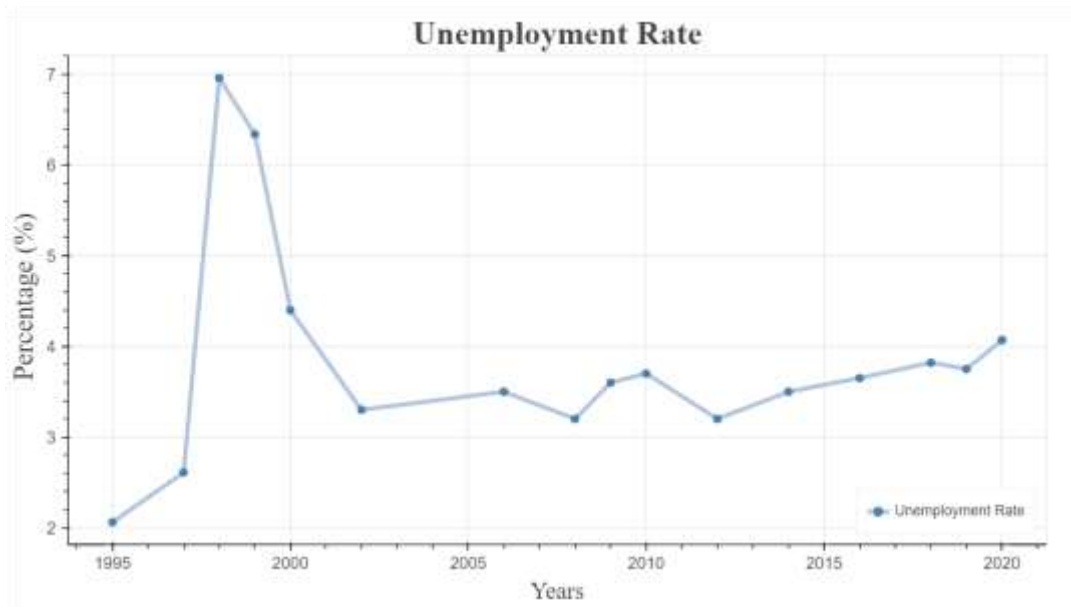


Figure 4: Unemployment rate (%).  
Source: OCDE,2021

Three unemployment peaks can be observed over time, each in the context of a crisis - Asian, Global and Covid-19.

The peak corresponding to the Asian crisis (1997/1998) lags the others, with an unemployment rate of around 7%. This crisis occurred due to two main factors: (i) the underestimation of risk by investors due to these countries' impressive growth rates and (ii) the lack of political and institutional measures to regulate the financial market (IMF, 1998). This crisis led to a devaluation of the South Korean won, an increase in interest rates and a decrease in inflation, which disrupted the labour market and led to a considerable increase in unemployment (Fields,2000). It should also be noted that IMF intervention was necessary for Korea to recover. Concerning this, the 2010 crisis was more moderate because the Korean economy was not at the centre of the crisis, which allowed it to keep its monetary and financial systems strong. The crisis was felt mainly through a drop in exports, but, as the country's domestic demand was maintained, the impact was not as profound as it would have been if this demand had not been preserved (Keat,2010). In 2020 there was a spike in unemployment which is related to both the decline in semiconductor exports and the crisis triggered by Covid-19.

## 2.1.4 Inflation Rate

Inflation is the increase in the general prices; therefore, the inflation rate is the rate at which this increase happens. However, to compute this indicator, it is necessary to define what is the price level. The two main measures of price level are the GDP deflator and the Consumer Price Index (CPI) (Blanchard et al, 2021). In this analysis, the last one will be considered.

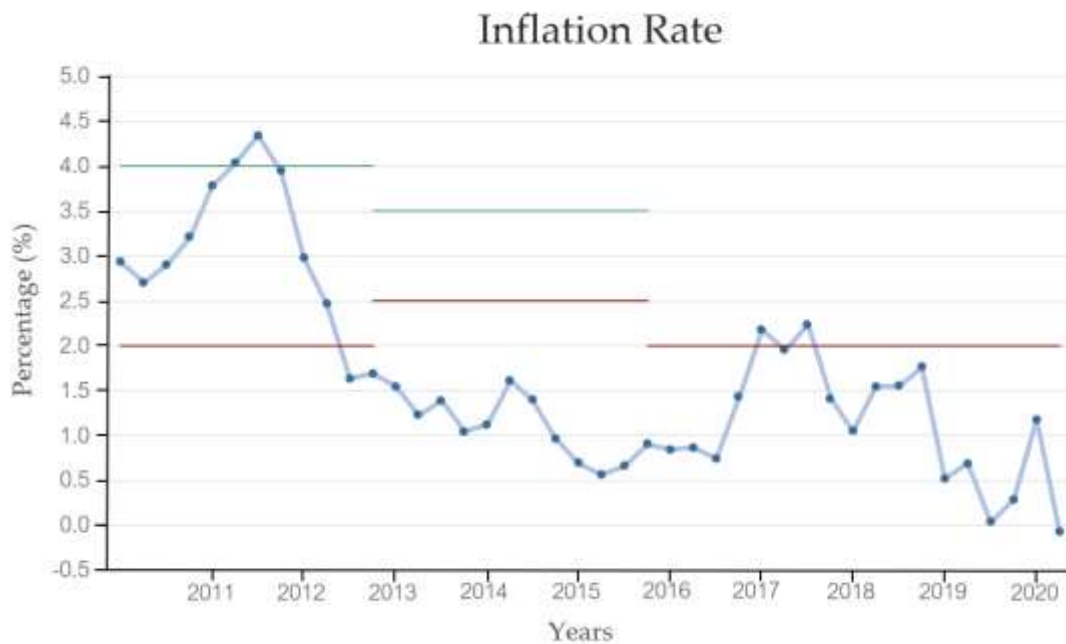


Figure 5: Inflation Rate (%).  
Source: OCDE,2020

The inflation values presented before, fluctuate as the cost of living increases and decreases across time. The upper and lower limits observed in graph 5 were stipulated by the bank of Korea to ensure price stability while guaranteeing financial stability in the implementation of its monetary policy (Bank of Korea, 2019). In the considered period, CPI was mostly outside the limits defined by the bank. The highest value of inflation was around 4.5% in 2011 and the lowest was -0.1% (deflation) in 2020. From 2013 to the end of 2016 CPI numbers, well below the limits imposed by the Bank of Korea, are justified by the slowdown in GDP growth, the fall in commodity prices (OECD, 2014) and the decline in oil prices, weak domestic demand and transitory demographic factors(OECD,2016). In

2017, inflation increased exceeding the minimum limit imposed due to tax incentives, faster world trade growth and investment. Despite these conditions, inflation has fallen again forcing the Bank of Korea to cut interest rates twice in 2019.

In 2020, the covid-19 crisis created more disinflationary pressures to which the Bank reacted by cutting interest rates, in an attempt to create liquidity and support the financial market (OECD,2020).

## 2.2 International Trade

As pointed out before, Korea is a country directed toward international trade. Only in 1990 when it became the 29th OECD country(1996) - an event that was interpreted as Korea's recognition as a developed country (Jee-Hee, 2021) – until 1998 the country had a negative trade balance.

### 2.2.1 Korea World Trade

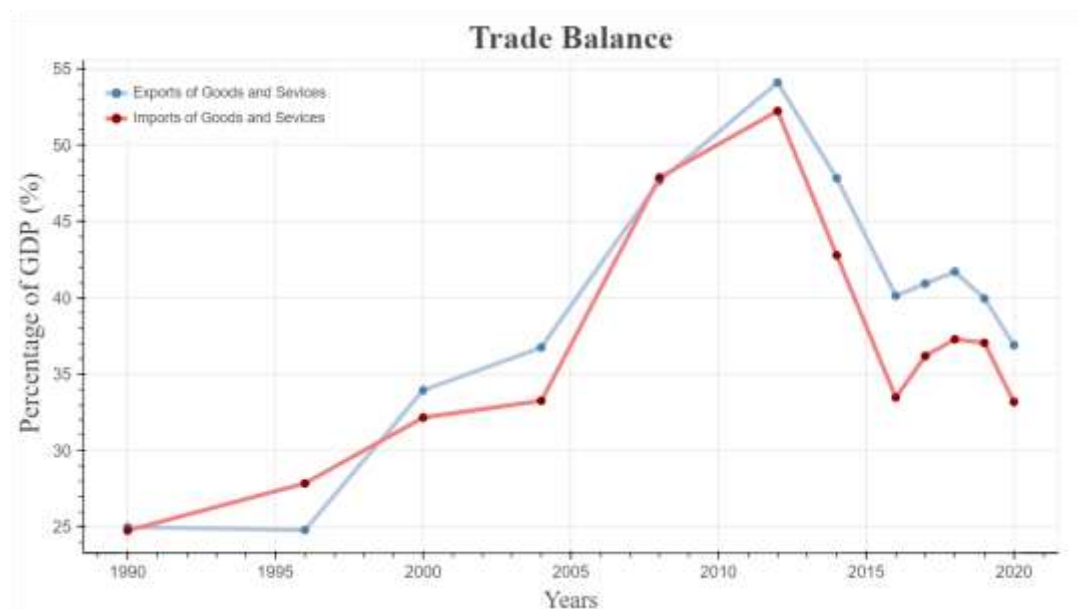


Figure 6: Trade Evolution.  
Source: World Trade Organization, 2020.

In the considered period, exports had a positive trend driven by the GDP increase. The big drop verified from 2012/16 was justified by the drop in commodities (2012) and oil prices (2014). In 2018, there was a slight recovery, however, a decrease in global demand for semiconductors has negatively impacted Korea's exports in 2019<sup>5</sup>. The last point of graph 6 is a reflection of the restrictions imposed to control the pandemic. With the global vaccination programme underway, restrictions were eased, allowing international trade to increase<sup>6</sup>. In 2020, Korea's main exports were integrated circuits (14.5%), cars and parts (3.6%) and petroleum oils (7.2%). The country was exporting these products mainly to China, Vietnam, USA, and Japan. In addition, Korea was also the world's main exporter of passenger and cargo ships, cyclic hydrocarbons, and styrene polymers (WorldTrade, 2020).

Furthermore, in regard to Korean imports, it is important to highlight the value of 2009, as a result of the world financial crisis, the decrease in 2014/16 as the consequence of the oil price decrease and the value of 2020 under the Covid-19 effect. In line with what was said about exports, the value of imports is also expected to increase in the coming years.

In 2020, the country imported mostly petroleum oils (14%), integrated circuits (7.1%) and natural gas (4.1%)<sup>7</sup>. Korea's main suppliers of these products were China, USA, and Saudi Arabia.

### 2.2.2 Korea Main Trade Partners

Many reasons explain why countries are chosen as trade partners, but size, distance, barriers, and cultural similarity are the most common ones (Srivastava, 1986).

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<sup>5</sup> Xinhua, 2020

<sup>6</sup> World Trade Organization, 2020

<sup>7</sup> WTO, 2020



Figure 7: Korea's Main Trade Partners.  
 Source: World Trade Organization,2020.

China is the country with which Korea has the strongest bilateral trade ties. The reasons for this lie in China's status as the second-largest economy in the world, the existence of free trade agreements between the two, its cultural similarity being comprehensive and, finally, the fact that it is the closest country to Korea.

Despite the 10,750 km that distance USA from Korea, this country appears as the second with which there is more bilateral trade. The positive commercial situation is supported by the Korea-US free trade agreement implemented in 2012, but also by the fact that in several products categories one country is the main supplier of the other – as happens in mineral fuels imports of Korea and motor cars imports of USA.

Japan ranks third and is the country with which Korea has the largest trade deficit, 20.84 billion US\$ (Yeon-soo,2021). Over time the history of Japan and Korea crossed paths several times, however, the Japanese occupation (1910/1945) created a dispute that deeply deteriorated the relations between the two countries. Recently, in 2018, this dispute was reignited when the Korean court demanded that a group of Japanese companies compensate Koreans for forced

labour. A judgment whose defendants refused to comply led to a nationwide boycott of Japanese brands (BBC,2019). Since then, trade and political relations have been strained.

Finally, the relevance of Vietnam for Korean exports of low-differentiated products and Saudi Arabia for Korean imports of petroleum oil are also noteworthy.

## 2.3 Korea Bilateral Trade with Portugal

Trade relations between the two countries are supported by centuries of history. Korea appears in the Fernão Vaz map created in 1568 which shows clearly that there is a historical bond between the two nations(Chung,2021).

Today, the relationships between the two are consolidated with several trade agreements among which the Framework Agreement and the Free Trade Agreement (2011) are highlighted.

In 2020, South Korea was in the 43<sup>rd</sup> position<sup>8</sup> of the countries that import more from Portugal. On the other hand, it was the 24<sup>th</sup> country<sup>9</sup> from which Portugal imports most.

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<sup>8</sup> INE, 2021

<sup>9</sup> World Trade Organization, 2021



Figure 8: Bilateral Trade Portugal/Korea.

Source: INE,2021.

By the analysis of the information above, it is possible to state that Portugal had, in the considered period, always a negative trade balance with Korea. Nevertheless, according to INE, Portuguese exports to Korea increased by 18.7% in 2015/2020. This trend is expected to be maintained because in the first semester of 2021 the growth was 13.1% compared to the homologous period of the previous year.

In 2020, Portugal's main imports from Korea were cars, propylene polymers and coated flat-rolled iron. On the other hand, Portugal's exports to Korea were mainly rubber tires, leather footwear, knit sweaters and travel (the most valuable Portuguese export).



## 2.3.1. Opportunities for Portuguese Products

### 2.3.1.1 Clothing, Footwear and Accessories

In 2020, Portuguese exports of clothing, footwear, and accessories, generated around 11 million US\$<sup>7</sup>. From these, footwear stand out because, despite its reduced volume, it alone generated around 6 million US\$<sup>10</sup>.

In both categories, the main suppliers of the Korean market were China and Vietnam. However, while these countries products are price differentiated, the Portuguese ones seek to differentiate themselves by quality, design, and innovation. These characteristics create a business opportunity for Portuguese products in the Korean market.

### 2.3.1.2 Coffee

Portuguese coffee exports represent only 1% of the total coffee imported by Korea. Despite this, in the period 2016/20 Portuguese exports grew by 358%.

The coffee market in Korea has been growing exponentially and with the increase in consumption, the demand for quality has also increased. Therefore, the Portuguese product has potential since it not only meets the consumer's quality level of demand, but also contributes to its evolution by exposing the Korean consumer to a new palette of aromas and flavours.

### 2.3.1.3 Wine

In 2020, Korea imported from Portugal around 1.5% of its total wine imports. In addition, the growth recorded in the 2016/20 period was 56%, thus showing the potential of Portuguese products in this market.

According to the Wine intelligence platform, among the most attractive characteristics for investment and export to the Korean market, are the growth in

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<sup>10</sup> International Trade Centre -Trade Map, 2020

volume consumed by 2020 and the fact that the price per bottle in this market is much higher than in other similar markets.

The main suppliers of wine to Korea are Chile, Spain, Italy, France, the USA, and Australia. The main challenge for Portuguese wines is to make themselves known, since although they are positioned next to French and Italian wines in terms of quality, they are less visible to the local consumer.

#### 2.3.1.4 Renewable Energies, technology, and IT

South Korea economy is energy-intensive. Its energy market is growing, however domestic production is unable to supply all the country energy demand. In order to solve this problem and deal with the climate changes, the Korean government has been creating plans to support an energy transition. The most relevant incentive made by the Korean government is the “Korean New Deal”, an investment amounting to 160 trillion Won that is expected to create 1901000 jobs by 2025.

This is a great opportunity for Portuguese firms given its reputation in the production of renewable energy. Within this group, the potential of wave and tidal energy and aquatic wind farms stand out because of Korea long coastline (and shortage of land space).

## 2.4 External Investments

### 2.4.1 Foreign Direct Investment flows of Korea

Since 2000, Foreign Direct Investment (FDI) has been recognized as one of the primary motors of Globalization. It helps deepen economic relations and allows not only capital but also knowledge transfers (WTO, 1996).

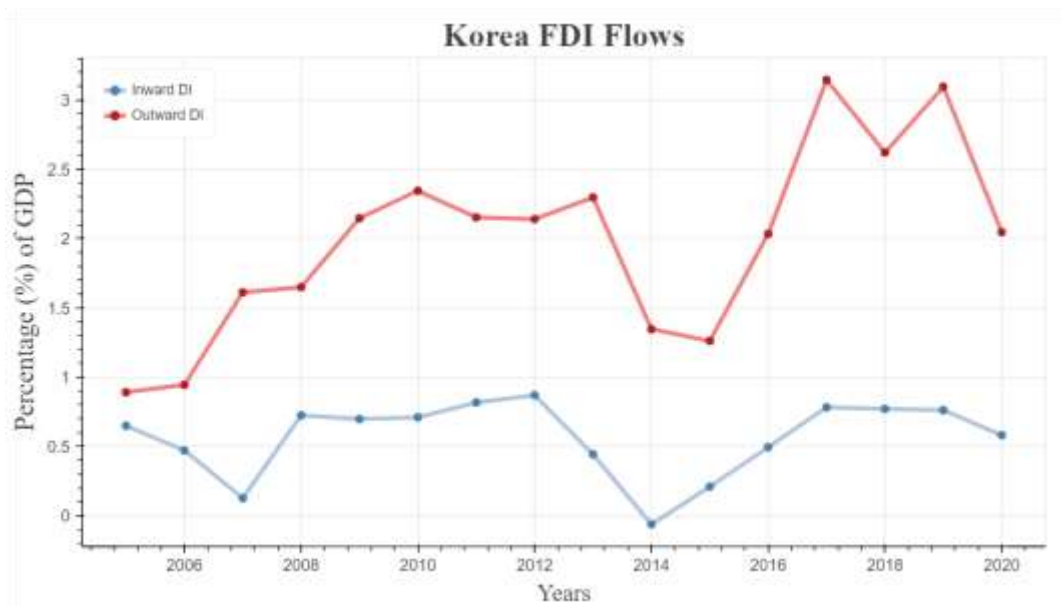


Figure 9: Korea FDI flows.  
Source: OECD,2021.

The figure above is a time series related to the evolution of FDI in Korea, and by its analysis is possible to conclude that outward direct investment was always higher than its inward direct investment.

Blonigen & Piger (2014) stated that the main determinants for establishing direct investment relations were cultural distance, GDP, trade agreements and relative labour endowments. Knowing this is not a surprise that the largest share of the outward direct investment of Korea was targeted at China, a country with a big and powerful economy, with a labour force composed mainly of low skilled workers and with whom Korea shares not only history but also its language roots. Vietnam, Indonesia and Brazil were also important targets, note that all these countries have low skilled workers and trade agreements with Korea, two of the main determinants for receiving FDI. The main sector of destiny of Korean FDI is the industrial one, mainly transport, electric equipment and machines (OECD,2020). On the other hand, most of the inward direct investment comes from the Netherlands, UK and USA. Korea has strong commercial relations with

these countries which together with the current investment policy may have encouraged the investments.

## 2.4.2 Bilateral FDI Portugal/Korea

According to AICEP information, Korean investment in Portugal is directed mainly to the electronic sector, electric and textile cars components industries and, more recently, the renewable energy sector. Korea direct investment in Portugal involve companies such as Hanon Systems and CS Wind.

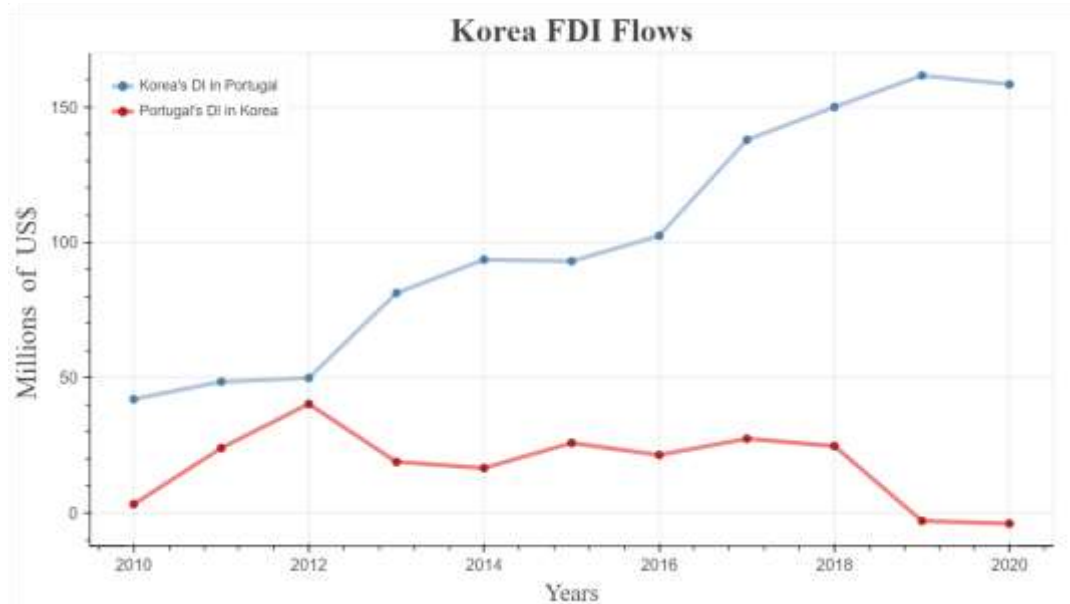


Figure 10: FDI Portugal/Korea.  
Source: Banco de Portugal, 2021.

Since 2010, Korean direct investment in Portugal was always much higher than Portuguese direct investment in Korea. This conclusion has been reinforced since 2012. The direct investment from Portugal had some fluctuations, however, a clear decreasing trend can be observed. On the other hand, direct investment from Korea has always registered a positive trend.

## 2.5 Covid-19 impacts on Korean Economy

The Covid-19 pandemic is a worldwide issue. It has limited economic growth and people movements but also makes science and technology evolve due to pressures arising from the need to adapt. Korea is no exception. However, the way its government had led this situation made it follow a different path than most other countries. Korea didn't impose complete lockdowns, nor did it create an inflexible policy to balance the economic/health needs. The adopted measures allowed the economy to function while a solution to the health crisis was being created. The consequence was visible when Korean GDP growth (-0.85%) was not like the Japanese (-4.58%) or the American (-3.77%) in 2020<sup>11</sup>.

The International Economics Professor, Park Chang-Hoon, stated that in contrast to what happened in China or Europe, the recovery in Korea is expected to be less sharp since its growth curve is not a V shape but a K shape. This means that some of its economic sectors were able to recover very well, as is the case of retail, IT, and technology. Whereas travel, entertainment, health, and food services did not. This implies that total growth is affected, both positively and negatively, therefore the possible future path will not recover from the lowest peak in the curve but a midpoint. This implied that, despite the government's help, inequalities have increased mainly in the small and medium-sized companies, of the more affected sectors.

On the international scene, major Korean partners imposed severe restrictions making trade decline rapidly - harming the exports oriented economy seriously. The Diplomat advanced that exports hadn't been this low since 1963 (quarterly), a corresponding decrease of 16.6% (Kim, 2020) in the second quarter of 2020. This fact impacted mostly the manufacturing sector, which had a 31.5% decrease (adjusted annual rate). However, not all exports decreased: the medical supplies

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<sup>11</sup> International Trade Centre -Trade Map, 2020

industry grew exponentially, by 27% in the first half of the year (Ji-Young, 2020), the technological sector has also benefited from the international measures of remote working since it increased the demand for chips from Samsung and SK Hynix.

The Korean economic recovery is closely linked to the evolution of the exports scenario, which began to improve. In June 2020 the exports difference from the previous period was only - 8.1%. However, this relies on the capacity of other countries to get the pandemic under control, an increasingly fragile possibility considering the emergence of the 4<sup>th</sup> wave in Europe (Stangarone, 2020).

# Capítulo 3: Literature Review

## 3.1 Internationalisation

The concept of internationalisation varies according to the perspective that is considered. However, in general terms, internationalisation is the process by which a company seeks to explore international markets, thus ceasing to operate only in the domestic market (Freire, 1997). The company is, therefore, going through a process of adaptation to the foreign environment (Calof & Beamish, 1995).

Over time, the pattern and degree of internationalisation have changed, consequently altering the internationalisation process and choices (Boyer & Drache, 2009). Törnroos (2002) considers that new market opportunities, vertical integration and corporate growth are the main drivers for internationalisation.

On the other hand, Bartlett et al.(2009) suggest that the motivations for internationalisation fall into two distinct groups: Traditional - which include reasons such as demand for market, resources and efficiency - and Emerging - which are associated with competitive positioning and global scanning.

Overall, internationalisation brings advantages such as growth<sup>12</sup>, know-how<sup>13</sup> and better performance<sup>14</sup>.

When a company is considering entering international markets, it has several questions to answer, of which the most important are "how to enter" and "which country to enter" (Anderson & Gatignon., 1986). The following sections will address theories that seek to answer these questions.

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<sup>12</sup> Luostarinen,1980

<sup>13</sup> Zahra et al, 2000

<sup>14</sup> Lu & Beamish, 2001

## 3.2 CAGE Model

Globalisation is the process of closer integration between countries through flows of labour, knowledge, goods, services, and capital (Stiglitz, 2003).

Despite the closeness that globalisation assumes, there is still distance, especially when internationalisation is being considered (Tokas & Deb, 2020).

Ghemawat (2001) notes that when it comes to bilateral relations between two countries, cultural, administrative, geographical, and economic (CAGE) differences make up the so-called distance between them.

- Cultural distance includes all the factors that shape consumer choices and behaviour. These factors include differences in language, social values/norms, religion and social systems. In his quantitative analysis, Ghemawat considered language, religion, and the migration of citizens between the two countries. Furthermore, he highlighted differences in language as the most relevant as in countries with the same language, trade is three times greater than between countries with different languages. But there are other differences, in South Korea, a one-handed greeting is considered disrespectful. It should be done with the right hand supported by the left.
- Administrative distance includes policies to encourage investment, the existence of infrastructures, economic links, political and historical relations between two countries. Ghemawat considered, in his study, the trade block, currency, level of corruption, whether they have a settler country relationship and the origin of its legal system. According to the author, currently, many barriers are created by governments. The free trade agreement between the EU and South Korea is an example of the fight against this, as it came to strengthen and facilitate trade between the two regions.



- Geographic distance includes the KMS between two countries, the country's physical size, within-country range to borders, presence of maritime territory, time zones and topography. Ghemawat considered, in his study, the distance between major cities, existence of frontiers, size of the country, time zone and climate. This domain influence is noticeable in the foundation of China as Korea's largest trade partner. China is the closest country, one of the largest economies worldwide and shares a border and a the time-zone with Korea.
- Economic distance naturally includes consumers' wealth and income, labour costs, the existence of resources (inputs, infrastructure) and organisational capabilities. Here the author emphasises that rich countries are more likely to engage in international trade than least wealthy countries. In his quantitative analysis, Ghemawat considered the GDP, GDP growth rate, Human Development Index and the internet penetration rate.

### 3.1.1 CAGE Portugal/Korea

The CAGE Comparator<sup>TM</sup> is a tool that allows applying the framework developed by Ghemawat to understand how the previously presented dimensions influence the international activity of countries. This tool indicated that South Korea is in the 121th position of 158 countries psychically closest to Portugal.

The cultural distance between the two countries is high because less than 20% of people in the two countries speak a common language, migration is residual - less than 300 Koreans live in Portugal (no data for the opposite), and there is no religion correspondence - in Portugal, the majority of the population is Catholic whereas, in Korea, the majority has no religion.

By the analysis of the administrative distance is possible to conclude that: (i) there is no currency correspondence, (ii) no common colonial past, (iii) the countries are not in the same trade bloc - but have several trade agreements such as the double taxation avoidance agreement, and (iv) have similar values in the corruption perception index - both have the same value 62/100<sup>15</sup>, in which 100 is the maximum value of corruption.

Concerning geographical distance is possible to say that: (i) there is no border between the two countries, (ii) Portugal's area is 92212 km<sup>2</sup> while Korea's is 99237 km<sup>2</sup>, (iii) the distance between the two largest cities in each country is 10 498 km<sup>16</sup> and (iv) there are significant differences in climate and time zone.

Finally, regarding economic distance is possible to state that in 2020 the Real GDP was 186.644 billion US\$<sup>17</sup> in Portugal and 2.195 trillion US\$ in Korea. Furthermore, the GDP growth rate was -8%<sup>16</sup> for the first and -0.85% for the second. Finally, the Korean Human Development Index<sup>18</sup> was 0.92, while de Portuguese one was 0.86<sup>19</sup>.

In general, the distance from each dimension was high, which explains the indicator value: 8413<sup>20</sup>. This indicator is very important because it gives an idea of the proximity between two countries, but also because it allows us to anticipate some barriers that will arise in the course of international trade.

### 3.3 Entry Modes

Nowadays, entering international markets is considered a key factor for business success (Saixing, Xie, Tam, & Wan, 2009). Taking this into consideration, the choice of the entry mode into these markets becomes a difficult decision that

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<sup>15</sup> Corruption Perception Index,2021

<sup>16</sup> CAGE comparator,2021

<sup>17</sup> Banco de Portugal,2022

<sup>18</sup> Capture the key dimensions of human development and range from 0(minimum score) to 1(maximum score)

<sup>19</sup> Human Development Index, 2020

<sup>20</sup> Range from 0 (the most psychically closest country) until  $\infty$ .

must prioritise the company's expansion strategy (Bartlett, 2009), which has a direct impact on the success of the investment (Anderson & Gatignon, 1986) and different implications for resource uses and risks (Hill, 1990).

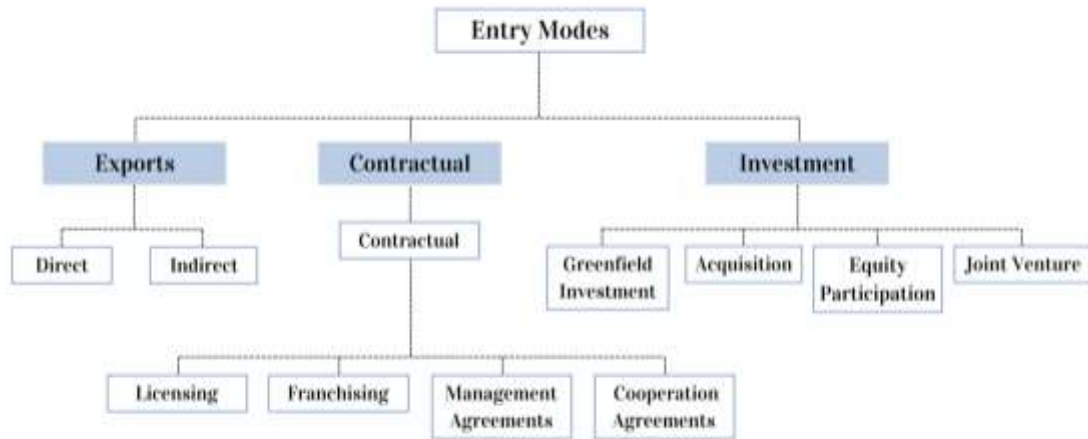


Figure 11: Welch, L.S, Benito, G.R & Petersen, b. 2007.

The export mode (direct and indirect) is employed when companies lack resources - this entry mode ensures access to foreign markets without the need for high investment. It is a path typically used when companies begin the process of internationalization<sup>21</sup> because it allows them to reduce risks, but generally includes obstacles such as lack of information, lack of government support, problems with logistics, distribution, and promotion, among others (Pinho & Martins,2010; AICEP & Deloitte, 2012).

The contractual entry mode is only possible if the parties contribute to a project. Therefore, there is knowledge sharing rather than capital sharing (Cateora et al, 2013). The project will, in the form of a symbiotic relationship, benefit both parts while requiring power-sharing.

Generally, companies choose this entry mode when they want, in the long term, to increase their competitiveness - as well as that of the partner company - and simultaneously increase market leverage (Albaum & Duerr, 2008). On the other hand, it has disadvantages such as less control over its operations and

<sup>21</sup> Kogut & Chang, 1996; Johanson & Vahlne,1977

difficulties in mediation because of cultural differences. The contractual entry mode includes several subcategories, from which licencing is highlighted due to be the case of the company under study. In a licencing agreement, one of the parties agrees to allow the other to use its intellectual property for some time in exchange for a fee. This type of contractual mode has some advantages as the inherent low cost (production, promotion, package, and commercialization is the responsibility of the licensee) and risk, allowing to overcome market ignorance and some barriers such as tariffs and quotas. Moreover, there are also some disadvantages, lack of control and shared profit are some of it (Sarper,2019).

Finally, the direct investment option is considered when companies have simultaneously ownership, location, and internalization advantages (Dunning, 1988). This type of entry mode allows the company to have full control over its operations and strategies in the new market (Chung & Enderwick, 2001). However, FDI faces numerous barriers, including the lack of government incentives, high financial effort, foreign exchange and political risk, cultural differences, among others (Hill, 2009) (Krugman & Obstfeld, 2003). There are several types of direct investment. Each type has a different degree of control and implies a different entry mode in the market. The main types of FDI are Joint ventures, Green Fields, Brown Fields, and Equity participation.

## 3.4 Theories and Models of Internationalisation

### 3.4.1 Eclectic Paradigm

The Eclectic theory links the comparative advantages of each country with the competitive advantages of firms to explain why firms internationalise. This theory assumes the existence of three conditions for a firm to internationalise through direct investment: (i) ownership advantages, (ii) location advantages

and (iii) internalisation advantages. Possessing ownership advantages implies that the firm in question is more competitive than its peers in a given market. Therefore, it can take advantage of opportunities arising in international markets more efficiently.

Location advantages correspond to the specific advantages that a country offers to a company that goes international. These advantages can be related to the quality and prices of the production factors, market characteristics, barriers, transportation and communication costs, administrative and fiscal policies or government policies.

Finally, internalisation advantages are the benefits arising from the internal market, which enable companies to access external markets and at the same time reduce the costs and risks associated with it. In other words, it is the try to create new market failures (difficulties for the buyer to know the value of a new product or technology) and avoid the old ones ( such as supply uncertainties).

Dunning (1993) indicates that for foreign direct investment take place three conditions must be met: (i) the company that wishes to internationalise must possess ownership advantages over its peers; (ii) assuming the first condition, the company should benefit more from using the internalisation advantages it has, rather than selling those advantages; (iii) assuming the two conditions previously presented, the company must profit from the use of the mentioned advantages together with resources from the foreign country.

Ownership Advantage	Location Advantage	Internalisation Advantage	
×	×	×	Remain Domestic
✓	×	✓	Exports
✓	✓	×	Licencing / Similar contractual means
✓	✓	✓	FDI

Table 1: Eclectic Paradigm conclusions.

Figure 3 shows the conclusions of the eclectic theory:

- If a company does not have any of the advantages mentioned, it should stay in the domestic market.
- On the other hand, if it possesses ownership and internalisation advantages it should internationalise via exports.
- If it only has ownership and location advantages, it should internationalise via licensing or a similar contractual means.
- Finally, if it has all the advantages presented, it should internationalize via foreign direct investment.

Despite the value of this theory, some critics arose. The first one comes from the author himself (Dunning, 2001), that stated that the theory does not explain some particular types of international production, admitting its low predictive power. Another, also acknowledged by the author, was the assumption that the three variables are independent when they are not.

### 3.4.2 Uppsala Theory

The Uppsala model operates at the firm level (micro-level) and gives a holistic view of the evolution of multinational firms.

This model has derived from behavioural and evolutionary theory (Cyert & March, 1992). Therefore, it subscribes to several ideas: (i) heterogeneity at the firm level, (ii) innovation, (iii) co-evolution between the levels of behaviour analysis and (iv) performance outcome as a result of others and managerial actions. Johanson & Vahlne (2017) reinforced the importance of the resource, products and firm heterogeneity expressed in the company's international path and technological development and consequently on the construction of the firm comparative advantage.

Furthermore, the Uppsala model considers two types of variables, the changing ones - knowledge development and commitment, which include learning, trust-building and creating - and the state ones - operational capabilities and performance (Johanson & Vahlne, 2017). All these variables are considered to be interconnected, thus a changing has impact on the others (directly or indirectly), for example, once contact with the external market increases, so does the knowledge of the company, thus favouring a risk reduction, an increase in the allocation of resources and profit. Its focus, then, is both on the process of developing knowledge and resources (Johanson & Vahlne, 2017). In short, the model views internationalisation as a continuous evolutionary process, in which knowledge is considered the key factor for success.

It is also considered that firms prefer countries with lower psychological distance at the beginning, later moving to countries with higher psychological distance as they gain knowledge and experience.

Based on this model, Johanson and Wiedersheim (1975) identified four internationalisation levels.

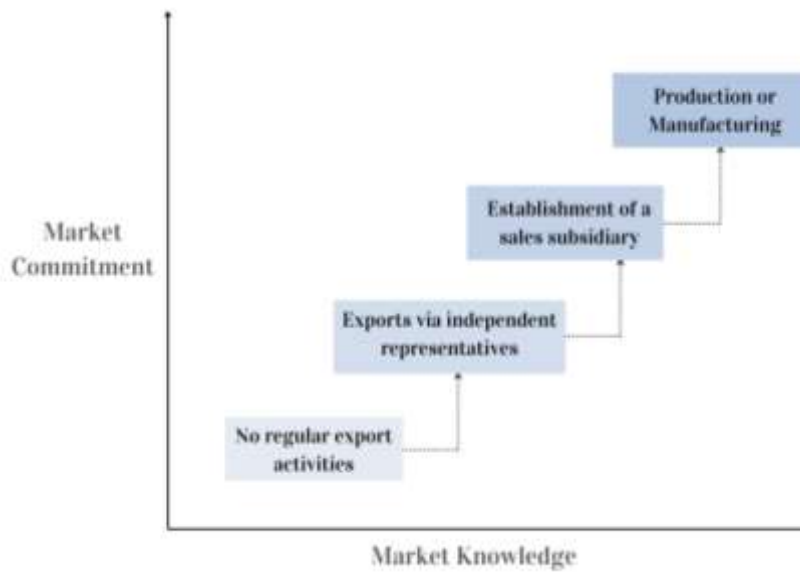


Figure 12: Johanson & Vahlne, 1977.

At the first level, companies do not have frequent exports, and contact with the international market is sporadic. Nevertheless, companies manage to gain knowledge through these contacts, thus facilitating the transition to the second level, in which exports become more frequent and are carried out through agents. In the next stage, companies have conditions to create a commercial subsidiary in a foreign country. At this point, the firm knowledge of the market conditions and risks in the foreign country is large enough to create a production unit (final stage).

The Uppsala model was very important in explaining the internationalisation process of companies; however, some critics emerged. Reid (1984) criticised the theory, which he considered too deterministic. Some other authors highlighted the fact that the theory failed to explain the internationalisation of the born global firms (Knight and Cavusgil, 1996), global start-ups (Oviatt & McDougall, 1994) and instant exporters (Coviello & McAuley, 1999). Despite the limitations described, this theory is still very significant and should be considered together with other theories to overcome some of the limitations pointed out.



### 3.4.2 Internalization theory

The internalization theory is based on the idea that market imperfections may act as barriers to trade and investments. Therefore, internationalisation emerges as the solution because allows for an increase in the company's internal market, and, as a consequence, the transaction costs created by the market imperfections decrease and the information flow improves (Rugman, 1980). But internalisation also includes costs related to coordination, control, communication, and lack of knowledge by the producers and governments. In short, market imperfections create transaction costs but also competitive advantages.

Furthermore, this theory is based on two assumptions: the company (i) will internalise operations up to the point where the transaction costs of those operations are higher than those arising from their organisational integration, and (ii) grows by internalising markets to the point where the benefits of internalisation outweigh the costs (Nunes, 2016).

Finally, the main critics pointed out to this theory was related to its limited scope of application (multinationals and overseas investment) and with internationalisation being assessed in a static way and overlooking aspects such as forms of inter-company collaboration.

# Chapter 4: Case Study

## 4.1 Methodology

According to Yin (2018), when the purpose of the study is to explain a particular contemporary event, a case study may be the best way to address the problem. The purpose of this study is to understand the motivations behind the market and entry mode choices of a company that intends to internationalize, therefore, a single case study will be used.

The company in question is a successful case of Portuguese licencing in Korea, in the pharmaceutical market. Next, a background of the South Korean pharmaceutical market and the company in question - Bial - is provided.

As stated before, the aim of this study is to determine the motivations behind Bial's decision regarding internationalisation and all its underlying decisions.

To achieve this goal several sources of information were considered – documentation and an interview - to ensure the credibility and accuracy of the study (Yin, 2018). The documentation considered in this study is mainly composed of media articles and other official documents available on the company's website. However, this kind of information didn't explain the choice of entry mode, nor the reasons to choose Korea in particular. In order to cover these gaps, an interview was also performed. The interview was directed to Bial's general manager corporate, Miguel Portela and included a group of 8 questions ( available in the attachments). The main focus of these questions was the internationalization decisions of the company regarding the South Korean market: mode of entry, motivations, barriers and risks.

Having this in consideration, a qualitative method was applied due to the nature of the research question (Bogdan; Biklen, 1994).

## 4.2 Industry Contextualization

South Korean pharmaceuticals market is not only a very promising market but also is the largest one in Asia, with more than 50 million Koreans receiving medicine prescriptions<sup>22</sup>. This market grew by 7.1%<sup>23</sup> in the period 2015/19, and by 2020 was valued at around 18.9 billion US\$<sup>24</sup>, it is expected that this figure will continue to grow based on the increasing average life expectancy (and consequent ageing of the population) and on the 400 million US\$ investment made by the South Korean government in 2019, which took advantage of the loss of patents on numerous original drugs to invest in the generic market. According to the Pharmaceutical Technology platform, this public investment went beyond funding the development of the generic market: the major focus was on research and development of new treatments. The government's major objective is to develop this sector so that it can become a future economic growth driver for the country. The Korean pharmaceuticals market is strictly regulated by the Ministry of Health and Welfare.

Pharmaceutical products are one of the products in which the Portugal/Korea relationship stands out. In 2020, the volume of Portuguese pharmaceutical exports to South Korea was 4,789 million US\$, a figure that resulted from a 9% growth recorded in the 2016/20 period. Bial's entry into the Korean market in partnership with WhanIn Pharm and SK Chemicals has contributed to the growth of Portuguese medicine exports to Korea in 2020.

## 4.3 Company Overview

Bial was founded in 1924 to create and develop therapeutical solutions in the healthcare area. The company's strategic guidelines are therefore aligned with

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<sup>22</sup> Korea Drug Research Association, 2021.

<sup>23</sup> Maeil Business News Korea, 2020.

<sup>24</sup> Statista, 2022.

the essence of the company itself: Quality, Research, Development, and Internationalisation. This company is an innovative pharmaceutical company whose main objective is to contribute to people's quality of life - which explains its motto "keeping life in mind" (Bial's website, 2022).

Bial's history includes the creation of the BIAL Foundation, numerous greenfield investments, brownfields and licencing, which are set out chronologically in the figure below. A curious fact about this company is that, despite the enormous growth it has undergone, the Portela family has continued to run it since it was founded almost 100 years ago<sup>25</sup>.

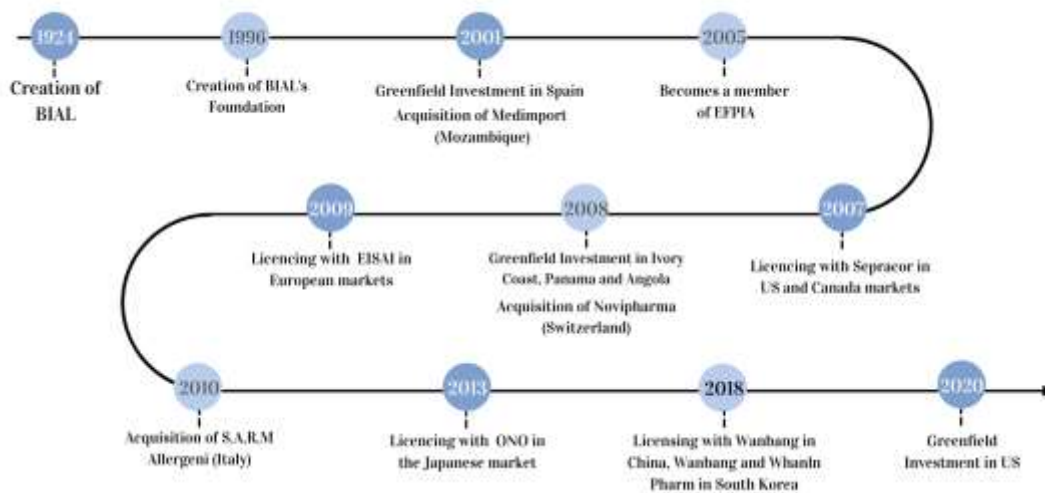


Figure 13: Bial's history.

Source: Bial's website, 2022.

According to António Portela, the true company's internationalisation started with his father in the 80s, with the creation of the investigation and development department. This bet on R&D was a strategy very risky and costly ( more than 329 million US\$ only on one drug). But this bet made Bial what it is today, and it was this that opened the door to the global market (Jornal Médico,2014).

<sup>25</sup> Jornal Médico, 2014.

Bial's foundation was created in 1994 by the company in partnership with the councils of rectors of Portuguese universities, with the purpose of encouraging studies about the human being. Nowadays, this institution is recognised worldwide, particularly in the neuroscience field. Included in the foundation activities are the Bial Award in Biomedicine, Maria de Sousa Award, several financial supports for investigation projects and the organization of the Symposia "Behind and Beyond the Brain".

At the beginning of its internationalisation, Bial gave preference to countries with low psychological distance (Spain and Mozambique). Although the choice of these countries was an attempt to reduce risk since they opted for close markets, the choice of entry modes did not follow the same logic since they chose direct investment, thus showing that they have prioritised ownership and control over international operations (Chang & Rosenzweig, 2001).

In 2005 the company became a member of EFPIA<sup>26</sup> which brought prestige and confidence to the brand. The association's purpose is to provide accurate information on medicines and supervise their production and distribution, thus facilitating the decision-making of health professionals and raising the industry's standards.

The company then entered into licensing contracts with companies in Canada and the US, which allowed it to enter these markets and acquire knowledge that would be used later (2020), when the company did a greenfield in US.

In 2008, when the company decided to enter new African markets, it once again considered psychological distance, as it moved into countries with which Portugal already had a common past.

The entry of the company into the Central European market was also crucial for its development, the fact that it is a more extensive market and with more competition may have led the company to want to minimize the risk by choosing

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<sup>26</sup> European Federation of Pharmaceutical Industries.

to license with a company (EISAI) already operating in the target market (thus sharing the inherent risk).

Years later, given the acquired knowledge it gained from the previous licencing in European markets, the company advanced for a brownfield investment in Switzerland and Italy, thus rooting its operations in this market.

The entry into the Korean market, the object of this investigation, occurred after the entry into the Japanese and Chinese markets, which may suggest the search for market knowledge for a more solid investment in the future.

Throughout its history, it is clear that when the company sought to enter markets with greater psychological distance, it chose to license as a means of entry. Later, with the knowledge acquired, it moved into green and brownfield investments, a situation that occurred in the European and US markets.

#### 4.4 Discussion

The following discussion was based on an interview with Miguel Portela, Bial's General Manager Corporate since 2010. The interview was conducted (in writing) based on the qualitative method, the responses were obtained on 16th March and are included in the attachments.

As previously pointed out, internationalisation plays a central role in the company's strategy, its importance is highlighted throughout its history and reinforced in the company's strategic guidelines.

According to Bial's CEO - Miguel Portela, the reasons underlying the internationalization decisions of the company are related to the company's strong investment in R&D. The development of a new drug is a process that takes several years, involves a lot of risks and demand a substantial financial effort (around 20% of Bial's annual turnover). Thus, when a drug gets to the market, it needs to be commercialised worldwide to recoup the R&D investment. This information allows us to infer that the reasons that led this company to

internationalise are aligned with the traditional reasons – namely search for demand - pointed out by Bartlett et al.(2009) and with the search for new market opportunities suggested by Törnroos (2002).

Bial is a company with a strong international presence, with activities in the Americas, Europe, Africa, and Asia. The Korean market was a growing market: with a population five times bigger than the Portuguese and within the top 15 markets in the treatment of Parkinson's disease and epilepsy. These two facts were the reasons that Portela highlighted as the answer to “why South Korea?”.

On the other hand, the choice of licensing as a way of entry was, according to the interviewee, a choice since Bial had no physical presence in the country, making it easier to establish partnerships with local companies. The choice of partners was based on their local recognition and experience in the area of the drugs to be licensed (neurology). The company opted for a partnership, in which it shares the knowledge of the drug formula in exchange for the support of a well-known brand name in that market (Cateora et al, 2013). These are the reasons why Bial chose Wanbang and WhanIn Pharm as partners in the Korean market. In this type of product, the success of a drug is dependent not only on approval by the regulatory authority (Ministry of Health and Welfare) but also and mainly on its acceptance by the medical community. The choice of this entry mode is, therefore, based on the desire to reduce risk, get knowledge, and increase market leverage (Albaum & Duerr, 2008).

Therefore, and considering the available information, it is possible to infer that in the context of the CAGE framework, the most relevant distances, in this case, were the Administrative and Cultural distances. The administrative distance stood out due to (i) the lack of knowledge of local standards and requirements, as well as (ii) the risk associated with the disapproval by the regulatory authority of the licensing of the drug, as the drugs in question are new treatments for

Epilepsy (eslicarbazepine acetate) and Parkinson (opicapon)<sup>27</sup>. Moreover, Cultural distance was highlighted due to the risk associated with the possibility of acceptance of the drug by the medical community and general population.

Throughout Bial's history, it is possible to conclude that there was an evolutionary process regarding its internationalisation path. From psychologically closer markets to countries in which this distance was successively greater - internationalisation took place in Spain for the first time, and currently already exists in Asian countries. It is also possible to state that, as the company obtained knowledge about the external market, it also increased its level of investment - for example, in the US case, it went from licensing to FDI. These two characteristics fit within the context of the Uppsala theory. However, not all of Bial's internationalization processes went through all the phases pointed out by Johanson and Wiedersheim(1975). In the case under study, the entry into the Korean market is an example of this.

From another point of view, the international path of Bial and specifically its entry into the Korean market can be explained by the Eclectic Theory. At the time of the decision on how to enter the market in question, Bial had ownership advantages - it was more competitive than its competitors in the field of drugs for neurological disease, namely for the treatment of Epilepsy and Parkinson's; it also had location advantages - (i) South Korean pharmaceuticals market were valued at around 18.9 billion US\$ and the market is still growing, (ii) the Korean government invested in this market strongly in 2019 creating several opportunities for companies betting on research and development of new drugs (as is the case of Bial); and, it had no internalization advantages. According to Dunning (1993) in the case presented above, companies should move towards an investment via licensing or other similar contractual means, which happened.

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<sup>27</sup> Jornal de Negócios, 2018



## Chapter 5: Conclusion

This study addressed the Portuguese company's internationalisation process with focus on a case study - Bial, a Portuguese pharmaceutical company that has entered recently the Korean market.

The main aim of the present work was to, based on the theories that fitted the most in the case study (Upsala and Eclectic), explain the motivations that led Bial to internationalise via licencing to South Korea.

Throughout the study it was possible to conclude that internationalisation has a central role in Bial's strategy, mainly because of the need to commercialize worldwide to recover R&D costs. The motivations behind internationalisation are therefore related to the search for demand and new market opportunities.

Furthermore, the population and market size, and market positioning concerning the treatment of Parkinson's and Epilepsy are the main reasons that support the choice of Korea.

Regarding the entry mode, was possible to conclude that the choice was based on the lack of market knowledge, being, therefore, easier to establish partnerships with well-known brands in the Korean market, as is the case of Wanbang and WhanIn Pharm.

This work presents, however, some limitations that are mainly related to the lack of access to the company's internal information. In the future, it may be interesting to understand, under the previously presented theories, if the company licencing in Asia may step forward and gather conditions to become an FDI.

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# Attachments

## Questions with Bial's CEO



O presente questionário tem como objetivo recolher dados acerca do processo de internacionalização da Bial na Coreia do Sul, para posterior análise do mesmo, no contexto das diferentes teorias de internacionalização.

- 1. A internacionalização é apontada como uma das linhas estratégicas da empresa. Que motivações levam a Bial a enfatizar tanto e de tantas maneiras diferentes a internacionalização?**

A internacionalização é uma consequência natural da forte aposta da Bial em Investigação e Desenvolvimento (I&D) de novas soluções terapêuticas. A estratégia de I&D é uma estratégia de longo prazo uma vez que o desenvolvimento de novos medicamentos é um processo que demora vários anos desde a descoberta de uma nova moléculas até à potencial comercialização de um medicamento e implica uma elevada dose de risco, já que a maior parte das moléculas desenvolvidas não chega a ser comercializada.

A Bial deu início às actividades de I&D em 1993 e foi capaz de desenvolver e aprovar dois novos medicamentos (Zebinix para epilepsia e Ongentys para parkinson). O forte investimento da Bial em I&D (cerca de 20% da faturação anual) que permitiu que estes medicamentos tivessem sucesso implica naturalmente que sejam comercializados a uma escala global uma vez que o mercado nacional não permite recuperar o investimento.

- 2. Que razões estão na base da seleção da Coreia do Sul enquanto mercado para o qual entrar?**

A Coreia do Sul é um país com uma população 5 vezes superior à de Portugal e está no TOP15 dos mercados de tratamento de epilepsia e de Parkinson sendo por isso uma escolha natural para os medicamentos desenvolvidos pela Bial.

- 3. A decisão de investimento foi influenciada pela distância entre Portugal e a Coreia do Sul?**

Com "distância" queremos dizer:

- (i) Distância Cultural - linguagem, tradições, práticas de negócio, normas sociais.
- (ii) Distância Administrativa e política - relações políticas entre os dois países, incentivos (ou barreiras), regulamentação, burocracia, nível de corrupção, sistema legal.
- (iii) Distância geográfica - obstáculos naturais, infraestruturas de comunicação e transporte.
- (iv) Distância económica - crescimento económico, PIB per capita, risco cambial, custo e qualidade dos recursos humanos, recursos financeiros, e recursos naturais.





PORTO

A procura de parcerias para a Coreia do Sul foi influenciada por características específicas que procuramos para os mercados onde queremos estar presentes com os produtos de marca Bial (sistema nervoso central). Ainda que a presença em diversos países com culturas diferentes reforce a globalização das nossas marcas, o nosso critério principal é a prevalência das doenças para as quais os nossos produtos foram desenvolvidos.

4. **A internacionalização da Bial na Coreia do Sul teve lugar através de meios contratuais, nomeadamente licenciamento. O que levou a empresa a escolher este modo de entrada?**

O processo de internacionalização em países em que a Bial não tem presença física passa pelo estabelecimento de parcerias com empresas com experiência no registo e comercialização de medicamentos a nível local, sendo que para tal é necessário licenciar os medicamentos da Bial as estas empresas.

5. **WhanIn Pharm Co e SK Chemicals Co são empresas parceiras da Bial no mercado coreano. Em que pressupostos se baseou o processo de seleção destas empresas? Quem fez o primeiro contacto?**

A seleção de parceiros na Coreia de Sul teve em conta a dimensão e relevância das mesmas no sector farmacêutico e também a sua experiência na área da neurologia na qual se inserem os dois medicamentos da Bial.

6. **Quais foram as principais barreiras com as quais a empresa se deparou durante a negociação (internas e externas)?**

As principais barreiras durante a negociação estão relacionadas com o desconhecimento de requisitos locais que impacto no tempo de chegada ao mercado e na rentabilidade dos produtos a longo prazo.

7. **Como descreveria a intensidade dessas barreiras? (1- mínima; 10 – máxima)**

4|

8. **Quais os principais riscos associados a esta operação, se é que existem?**

Este tipo de operação acarreta sempre algum risco uma vez que a aprovação dos medicamentos no país está dependente da avaliação da autoridade regulamentar e o sucesso dos medicamentos depende da adoção dos mesmos pela comunidade médica.